

**REAL** BUDGET REFORM NOW!



ILLINOIS IS  
**BROKE**.COM

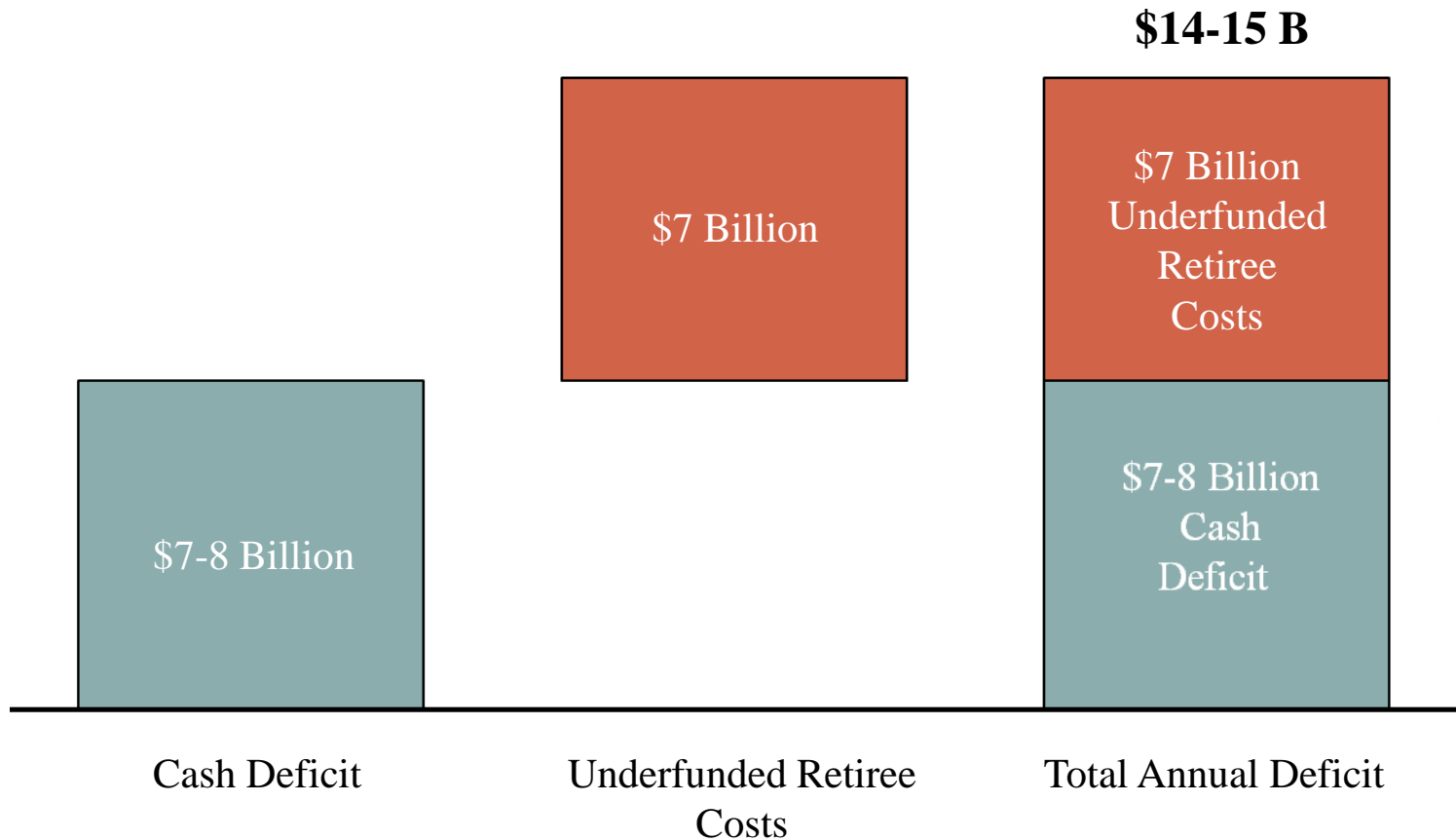
# **Illinois is Broke:**

## **The Case for State Budget Reform**



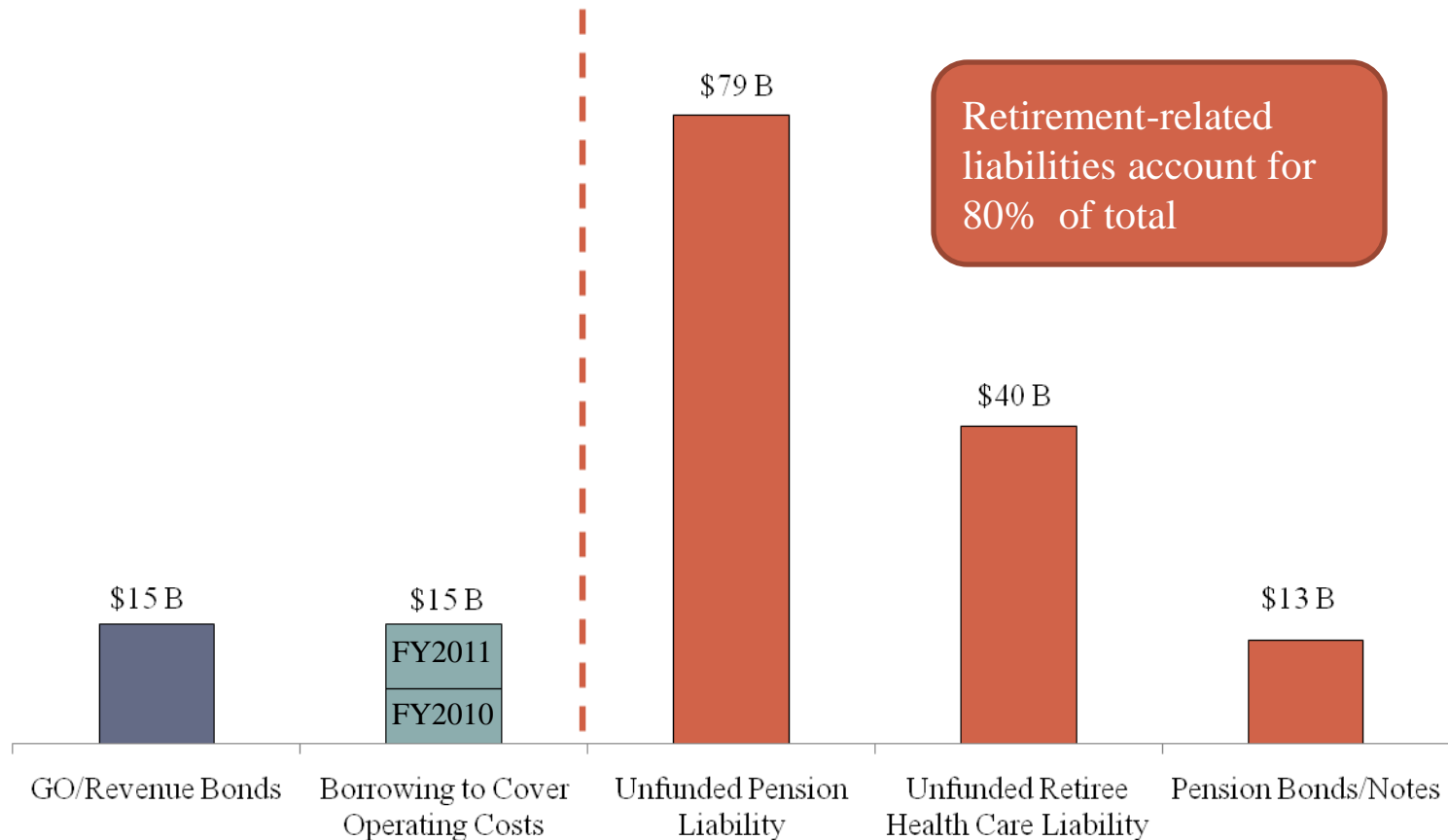
# Illinois' FY2011 Embedded Annual Budget Deficit

## Annual Budget Deficit of \$14 - 15 Billion



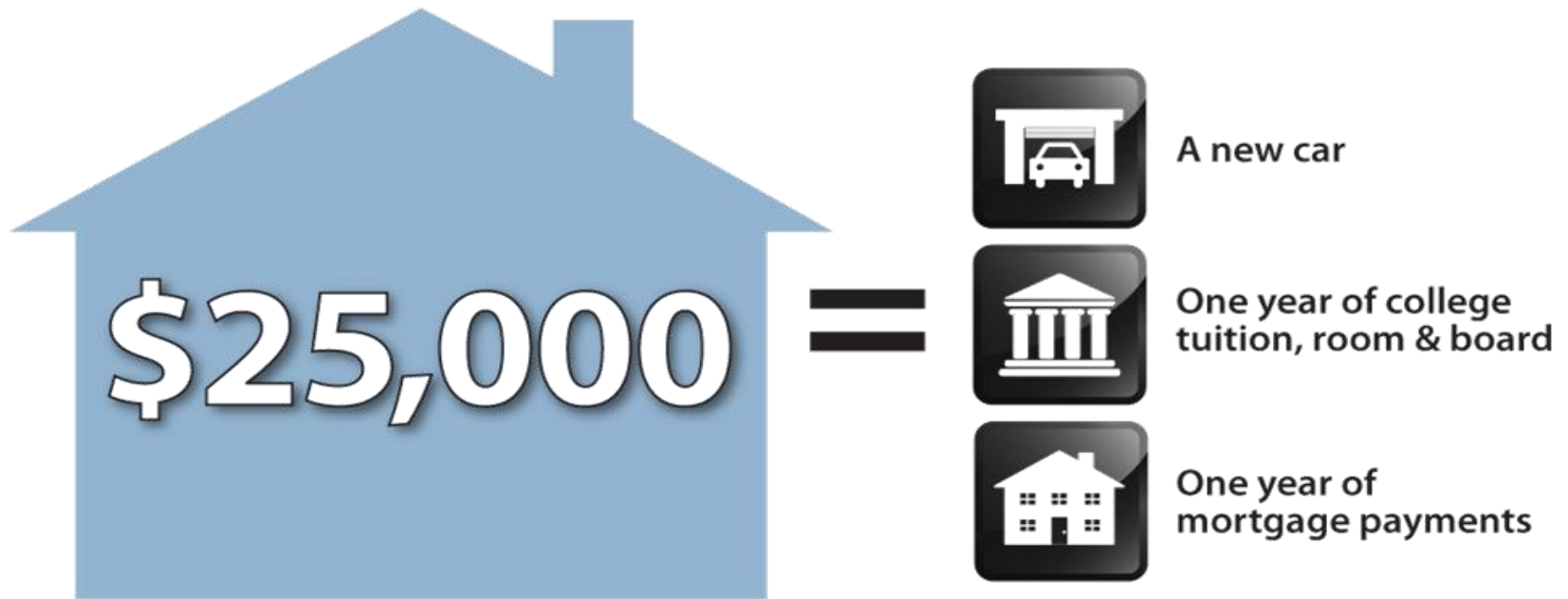
# Illinois is in Financial Crisis

## FY2011 Cumulative Liabilities of \$160 Billion



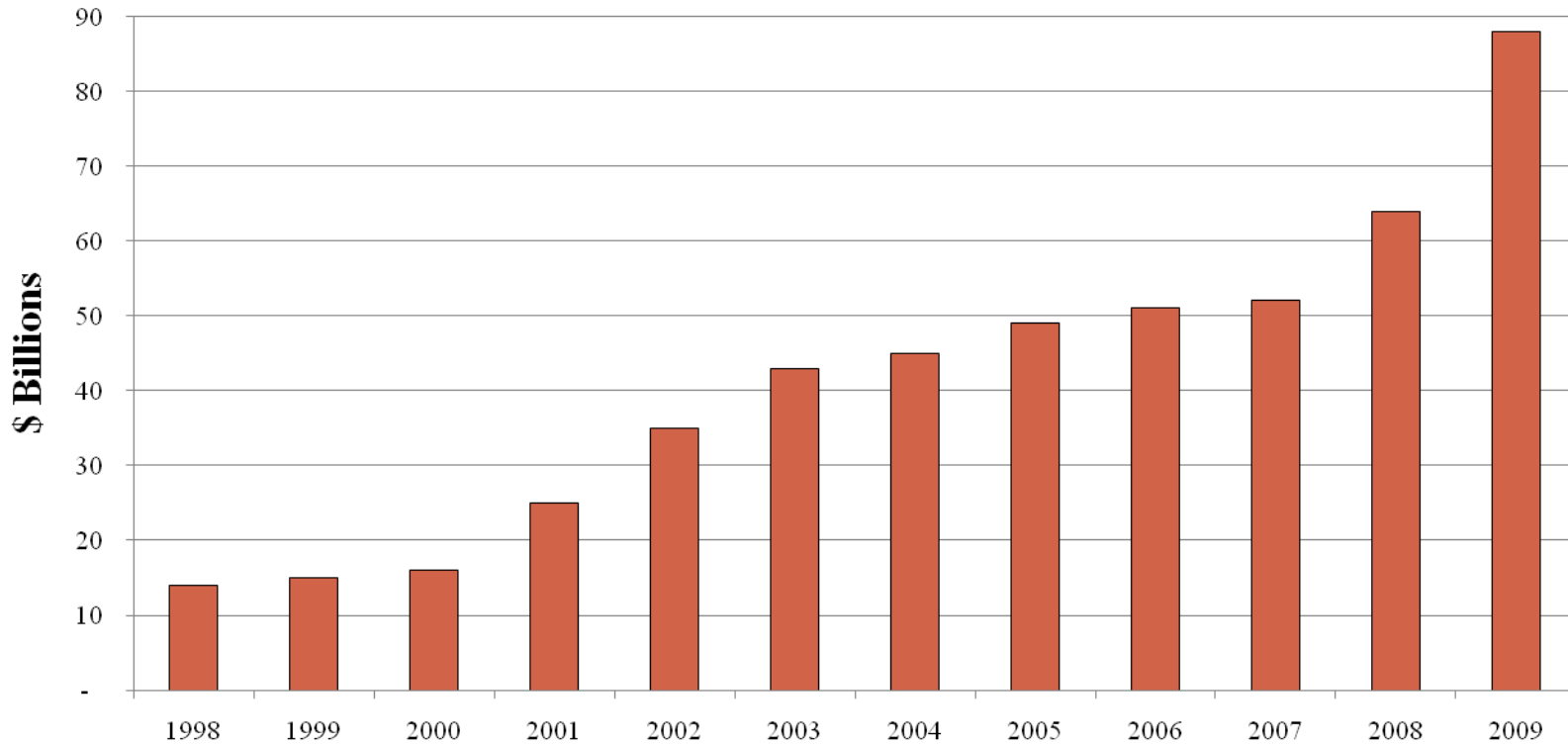
# Retirement Liabilities Total \$130+ Billion

## Retirement Liabilities of \$25,000 Per Illinois Household



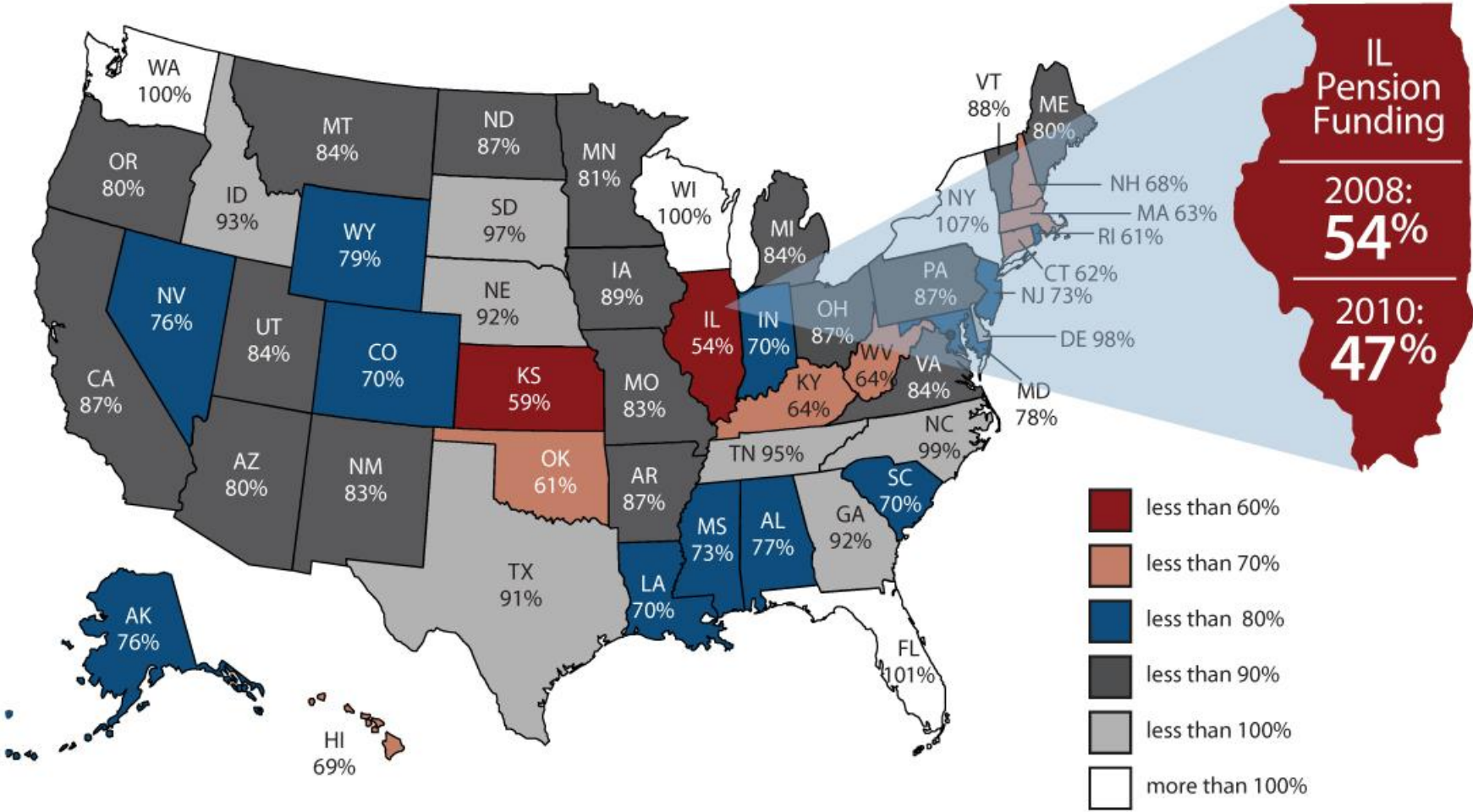
# Build-up of Underfunded Pension Programs

## Unfunded Pension Liability and Pension Bond Debt 1998-2009



# Illinois' Underfunded Pensions – the Worst in the Nation

Pension Funded Ratio 2008



Source: "The Trillion Dollar Gap Underfunded State Retirement Systems and the Roads to Reform," The Pew Center on the States, February 2010.

# Fiscal Crisis is Hurting Illinois' Credit Rating



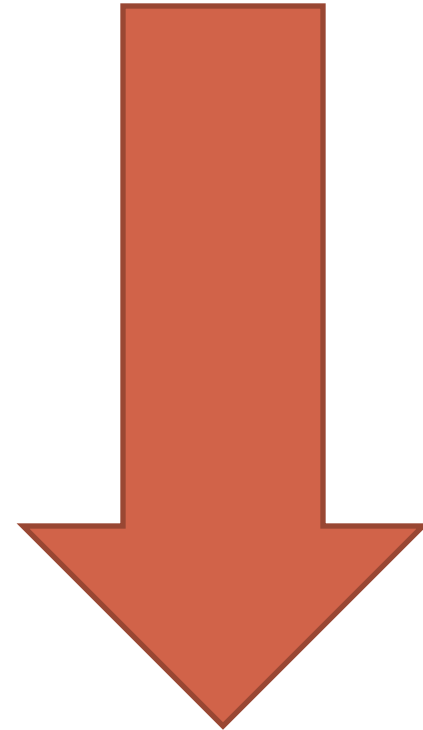
**Downgraded**  
*June 2010*



**Downgraded**  
*December 2009*  
**Neg. CreditWatch**  
*March 2010*



**Downgraded**  
*June 2010*



**Result: More costly to borrow money**



# Illinois Ranked One of Worst States to Do Business

## Most Attractive States to Business

State	2010 Rank
Texas	1
North Carolina	2
Tennessee	3
Virginia	4
Nevada	5
Florida	6
Georgia	7
Colorado	8
Utah	9
South Carolina	10

## Least Attractive States to Business

State	2010 Rank
Wisconsin	41
Hawaii	42
Ohio	43
Connecticut	44
<b>Illinois</b>	<b>45</b>
Massachusetts	46
New Jersey	47
Michigan	48
New York	49
California	50

## Real Budget Reform Means ...

- Raising taxes should be the last resort.
  - ✓ Absent reforms, personal income tax increase to close gap:  
**from 3% today to 8% tomorrow**
- No new taxes without:
  - ✓ Prospective pension reforms (Annual savings = \$2+ Billion)
  - ✓ Retiree health care reform (Annual savings = \$1 Billion)
  - ✓ Major budget cuts
  - ✓ Realistic plan to balance the Illinois budget

# Illinois Is Broke.

Let's Fix It.

It's time for *real* budget  
reform now.

**REAL** BUDGET REFORM NOW!



ILLINOIS IS  
**BROKE**.COM